generation and growth of black money. Rate of taxation has been progressively reduced and slabs of income have been progressively rationalised. At the same time, Income-tax Act, 1961 contains a number of provisions aimed at curbing the generation of black money. These include, inter alia, provisions regarding compulsory maintenance and audit of accounts in appropriate cases under section 44AA and 44AB, restrictions on cash transactions under sections 40A(3), 269SS and 269T, pre-emptive purchase of properties under Chapter XXV and provisions regarding penalties and prosecutions for punishing tax defaulters. The Act also contains provisions regarding summons, surveys, searches and other investigations to detect tax evasion. These provisions are resorted to in appropriate cases.

Euro Issues

353. SHRI RAM NAIK :
SHRI MANIKRAO HODLYA GAVIT :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government have recently announced guidelines for Euro issues;

(b) if so, the details thereof and its impact on Indian Corporates and non-banking finance companies in GDR (Global Depository Ratio) market,

(c) whether there is a demand for removal of restrictions over foreign loans on Euro issues; and

(d) if so, the reaction of the Union Government thereon?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) and (b) On the basis of a periodic review and assessment of the current economic situation, the Government has announced on 19th June, 1996, through a Press Note, revised Guidelines for Euro issues by Indian Companies. The Guidelines, interalia, provide for :

(i) Relaxation in track-record requirement for Indian Companies raising Euro Issues to finance investments in infrastructure projects,

(ii) removal of restrictions on the number of Euro issues which may be floated by a company or Group of companies in a financial year,

(iii) Broadening the areas of deployment of issue proceeds,

(iv) Permitting Banks, Financial Institutions and Non-Banking Finance companies (registered with Reserve Bank of India) to float GDR issues provided that the issue proceeds shall not be deployed in stock markets and real estate sector.

The successful tapping of the Global GDR market by Indian companies depends on a host of exogenous factors including movements in United States interest rates, attractiveness of other emerging market equities, performance of the international capital markets, etc.

(c) and (d). Proposals for floating Foreign Currency Convertible Bonds (FCCBs) by Indian companies should conform to the enduse norms prescribed by the Government for External Commercial Borrowings (ECB) from time to time. A relaxation has been provided in the Euro issue Guidelines dated 19th June, 1996 allowing Indian companies floating FCCB issues to utilise not more than 25% of the issue proceeds for general corporate restructuring uses including working capital requirements. Deployment of the balance FCCB issue proceeds, would continue to be in accordance with the ECB norms.

Filling up of High Posts in G.I.C.

354. SHRI SOUMYA RANJAN : Will the Minister of FINANCE be pleased to state :

(a) whether the General Insurance Corporation of India and its subsidiary company, Oriental Insurance Company Ltd. have no Chairman-cum-Managing Directors for the last about one year,

(b) if so the reasons therefor;

(c) whether the Chairman-cum-Managing Directors of three other subsidiary companies of General Insurance Corporation are retiring in the next few months; and

(d) if so, the steps taken or proposed to be taken to fill up such high ranking posts in anticipation of their retirement?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) and (b). The post of the Chairman, General Insurance Corporation of India fell vacant on 1st April, 1995. Since no internal candidate from the industry was found suitable for the post, Government advertised the post in the National Dailies of the country. The post of Chairman-cum-Managing Director of the Oriental Insurance Company Ltd. has since been filled up w.e.f. 5th July, 1996.

(c) and (d) The post of Chairman-cum-Managing Director of United India Insurance Company Ltd. fell vacant on 1st June, 1996. The post of Chairman-cum-Managing Director of New India Assurance Co. Ltd. as well as National Insurance Company Ltd. will fall vacant on 1st October, 1996. All necessary steps are being taken by the Government to fill up these posts.